April 12, 2006

Secretary Helene Nelson
Wisconsin Department of Health and Family Services
1 W. Wilson, Suite 650
Madison, WI 53702

Dear Secretary Nelson:

On behalf of the Human Service directors of Kenosha, Ozaukee, Racine, Washington and Waukesha counties, I would like to request an opportunity for us to meet with appropriate staff of your department as soon as possible to discuss state assumptions regarding the use of tax levy for Family Care expansion. Our specific concerns are explained in the attached position paper.

Please understand that we support the roll out of long term care reform throughout the state. However, because of the issues explained in our paper, we are very concerned about the reactions that will come from our boards when it is suggested that county levy may be required to finance the expansion of Family Care.

This is a serious issue that clouds the progress of planning in this region and we sincerely hope that it can be resolved soon.

We look forward to an opportunity to discuss these points with you or your staff. Thank you for your consideration.

Sincerely,

Dennis Schultz, Director
Kenosha County Department of Human Services

Cc: Sinnika Santala
Judith Frye
Bob Haupt
Debbie Jossart
Peter Schuler
Michael Bloedorn
Jim Strachota

Position Paper:
Counties Contribution to Family Care

The counties involved in planning for a Southeast Wisconsin Managed Care Organization are very supportive of Family Care expansion and the elimination of waiting lists for community based long term care. We are concerned however that expansion is based on an assumption by the state that the cost will be budget neutral, achieved by reducing Community Aids and utilizing County Levy.

Our counties are not in a position to contribute dollars to the Family Care management organization for several reasons. **We believe that taxpayers and county boards will be opposed to delegating fiscal responsibility or contributing county levy to a private managed care entity or alternatively, to send the state county levy dollars that would be folded into an organization's capitated rate. Secondly, the state's estimate of counties' expenditures for long term care do not match some of our counties' calculations of what they contribute to the COP, CIP and Waiver programs. Finally, county levy dollars will be needed to support the many functions that will remain with counties as described below.**

1. Administrative Costs

Over a period of 20 years Wisconsin counties have gradually but significantly expanded their infrastructures in order to administer the state's very complex system of community based long term care. This includes office space, information systems, clerical, fiscal and managerial staff in addition to social workers and nurses. Roughly $4.3 million in state and federal COP/CIP/Waiver dollars are applied to the administrative costs of our five counties. These dollars will no longer be available to our counties when those programs move to a private regional CMO, unlike the current Family Care counties that still derive administrative support from their rates. Some of our infrastructure will continue to be needed to support services for the elderly, physically disabled, developmentally disabled, mentally ill persons and adult protective services clients who won't be served by Family Care. To maintain that administrative support for remaining services counties will have to replace some of the administrative dollars that are lost.

2. Resource Center Costs

Counties will likely have to reallocate some level of dollars to have fully functional Aging and Disability Resource Centers that meet state contract requirements and quality standards for information and assistance, benefit assistance, long term care consultation and functional screens. If levy and Community Aids dollars are reduced our counties will be unable to supplement any resource center dollars provided by the state. Without funds for administration we will have difficulty maximizing other revenue streams available to resource centers.

3. **Economic Support Costs**

Family Care counties have seen increases of up to 300% in total long term care caseload growth with Family Care implementation, somewhat higher than the state's projection for statewide Family Care rollout. The increased ES caseload and overall workload associated with this growth in the number of long term care consumers has significant potential cost implications for counties. This is especially true given that counties will be under pressure to complete eligibility determinations promptly in order to minimize potential financial liabilities to the CMO. Unless the state commits to full funding for these added ES costs, counties will need to rely on the IM addendum (@50% levy) to pay them. This is another area in which Family Care implemented via an external CMO may create levy backfill requirements for counties. Many of our counties' Economic Support units are already strained with high caseloads. Family Care will require some level of staff expansion to handle the larger volume of cases. How those staff costs will be funded is as yet unknown.

4. **Adult Protective, Community Crisis, and Short Term Case Management Services**

Adult Protective, Community Crisis Intervention and Stabilization and Short-term Case Management services will need to remain in place after the transition or reallocation of direct services to a CMO. Service delivery obligations do not begin until formal CMO enrollment is completed. Any emergent need manifested by a prospective CMO enrollee will need to be met by County resources. The ongoing activity associated with Watts Reviews will also remain a County responsibility. There will also be individuals under protective placement whose care is currently funded by COP or Community Aids who are not eligible for Waiver and will not be eligible for Family Care. Given this reality, it is essential that sufficient Community Aids remain at the County level and County tax levy not be diverted to the CMO.

5. **For over a decade, State and Federal Funding for Other State Mandated Services Provided Through County Social Service/Human Services Departments has not kept pace with need, resulting in an increasing demand for counties to allocate community aids and local tax levy in those areas to address this shortfall.**

Counties' mental health service obligations will remain. Unlike persons with developmental and physical disabilities and those who are elderly, no community based waiver exists for persons with mental illness, thus making them even more dependent upon Community Aids and levy. Furthermore, major Medicaid mental health benefits (CSP, CCS, Crisis Stabilization) require County match which generates additional strains on those two revenue sources.

More than a decade of stagnant state funding in other areas, such as Child Welfare, Juvenile Justice, and Public Health have forced counties to reallocate community aids or add tax levy into those areas to partially mitigate the impact of increased service demand, as well as increased state service standards and requirements. In a tax freeze environment, carve out of existing community aids/tax levy for family care expansion will result in further service reductions in those other service areas.

6. **Costs of public oversight**

   The nature and intensity of county responsibilities for local oversight, public accountability and consumer grievance processes are not yet known. Such processes can become administratively intensive, and the associated costs of county activities in this arena would most likely have to be borne by a combination of levy and BCA.

7. **Inaccurate assumptions of long term care costs**

   It is our understanding the estimated $78M the State has targeted as County contribution was developed from the annual HSRR report. It would appear at first glance the State assumed the county levy line item (#1) in the categories of Developmental Disability Adults 18+, Physical and sensory disability Adults 18-59 and Adults and Elderly columns are used for long-term care services. This assumption is incorrect in some instances.

Again, we applaud the expansion of Family Care but we will have all we can do to try to backfill the financial hole that will be left after the transition.